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ORIGINAL

EX PARTE OR LATE FILED



October 6, 1998

NOTICE OF EX PARTE PRESENTATION

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

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OCT - 6 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *In the Matter of Applications for Transfer of Control to SBC
Communications Inc. of Licenses and Authorizations Held by Ameritech
Corporation. CC Docket No. 98-141*

Dear Ms. Salas:

On October 5, 1998, Zeke Robertson, Senior Vice President, SBC Telecommunications, Inc., Jonathan Klug, Managing Director-Corporate Development, SBC Communications Inc. (SBC), Todd F. Silbergeld, Director-Federal Regulatory, SBC Telecommunications Inc., Andrew Spence, Senior Analyst-Corporate Development, SBC, and the undersigned met with several members of the FCC Staff to discuss the above-referenced docket. A list of the FCC Staff present is attached hereto.

During this meeting, the SBC representatives presented information regarding SBC's National-Local Strategy and, in particular, regarding why this Strategy will result in increased competition in the provision of local exchange service for residential customers, including low-income customers. That information was contained in a set of outlines and maps, copies of which are attached to this letter. The SBC representatives noted that this information is representative of how SBC might enter various markets as it implements the National-Local Strategy. This information is the product of SBC's continuing analysis as to how it will implement the National-Local Strategy described in the Public Interest Statement, and accompanying affidavits, submitted as part of the transfer of control applications in this proceeding.

The SBC representatives explained that a key element of SBC's out-of-region strategy is to offer packages of local exchange, long distance and other features attractive to consumers who are high users of telecommunications services, and it presented data showing that such users are equally distributed across all income levels. In particular, the information shows that the percentage of low-income consumers who are high users of telecommunications services is essentially the same as the percentage of high-income consumers who are high users of

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Ms. Magalie Roman Salas
October 6, 1998
Page 2

telecommunications services. It also shows that low-income residential customers are physically proximate to the facilities of the large and mid-size business customers that the National-Local Strategy has targeted as the cornerstone of this out-of-region expansion. Thus, these consumers can readily be served through a combination of existing facilities and the expanded facilities SBC plans to deploy in the 30 new markets it will be entering. These facts were demonstrated through maps showing representative entry by SBC into the Washington, D.C. and Tampa, Florida markets. Thus, as the SBC representatives explained, the installation of switches, fiber and other facilities to serve large and mid-size customers in these 30 markets can and will enable it readily to serve to residential, including low-income, customers as well.

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In accordance with Section 1.1206(b)(2) of the Commission's Rules, an original and one copy of this letter are provided herewith. Please contact Todd Silbergeld of our Washington, D.C. staff at (202) 326-8888 or me should you have any questions.

Respectfully submitted,

Wayne Watts
/ TRS.

Wayne Watts
General Attorney and
Assistant General Counsel

cc: FCC Meeting Attendees (w/o attachments)

EX PARTE PRESENTATION • CC DOCKET NO. 98-141

October 5, 1998

FCC Attendance Record

Michael Pryor, Common Carrier Bureau

Audrey Wright, Common Carrier Bureau

Bill Dever, Common Carrier Bureau

Jennifer Fabian, Common Carrier Bureau

Johnson Garrett, Office of Plans and Policy

Lisa Choi, Common Carrier Bureau

Marilyn Simon, Office of Plans and Policy

Pamela Megna, Office of Plans and Policy

Radhika Karmarkar, Common Carrier Bureau

To-Quyen Troung, Common Carrier Bureau

SBC-AMERITECH MERGER

Ex Parte Presentation

“National-Local Strategy”

October 5, 1998



SBC Communications Inc.

THE SBC NATIONAL-LOCAL STRATEGY

Facilities-based entry into the 30 largest MSAs not served by the combined SBC/Ameritech company

- Over 140 switches to serve Business and Residential customers
- Key assumptions
 - 75 to 125 miles of fiber placed in each market to supplement existing CLEC fiber rings
 - Need coverage of 70% to 80% of these companies' expenditures to have an opportunity to compete for these large customers



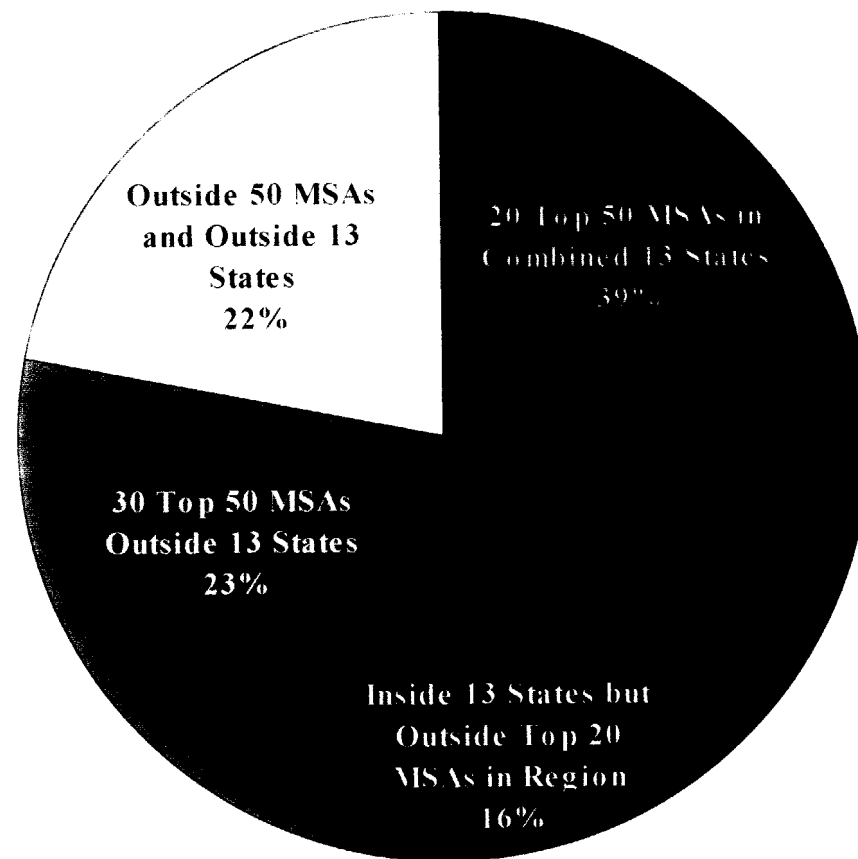
THE SBC NATIONAL-LOCAL STRATEGY

"Follow" large corporate customers based in 13 state region served by SBC/Ameritech/SNET

- **224 Fortune 500 companies are headquartered in these 13 states**
- **These companies operate 173,761 business sites/locations across the United States**
- **These companies spent approximately \$4.8 billion for local and long distance services in 1997**



Total LD and Local Spending of 224 of the Fortune 500 with
Headquarters in SBC/Ameritech/SNET Territory



THE SBC NATIONAL-LOCAL STRATEGY

SBC/Ameritech will enter those markets by:

- **Serving large customers with existing relationships first**
- **Then serving other business customers and residential customers**
- **Placing switches in each market**
- **Utilizing existing fiber where possible and constructing its own fiber where necessary to create facilities-based service capabilities**
- **Use unbundled loops -- particularly for residential customers**
- **Limited use of resale**



THE SBC NATIONAL-LOCAL STRATEGY

SBC will make a concerted effort to serve consumers

- **Facilities-based services (include using SBC switches and unbundled loops) to a substantial portion of the consumer market**
- **Offer packages of local exchange, long distance and features attractive to high volume users of telecommunications services**
- **High volume users of telecommunications services are equally distributed across all income levels**



THE SBC NATIONAL-LOCAL STRATEGY

Consumer Segment

SWBT Average Total Billed Revenue Ranges¹

<u>Income Group</u>	<u>Avg. Mo. Bill \$48.36 and up</u>	<u>Percent of Total Pop.</u>
Under \$15,000	15.9%	7.1%
\$15,000 - \$24,999	17.1%	16.6%
\$25,000 - \$34,999	18.6%	25.0 %
	17.7%	48.7%
\$35,000 - \$49,999	18.3%	25.0%
\$50,000 - \$74,999	17.8%	17.8%
\$75,000 - \$99,999	18.2%	5.3%
	18.2%	48.0%
\$100,000 - \$119,999	18.9%	1.7%
\$120,000 - \$149,999	20.3%	1.0%
\$150,000 and Over	23.9%	0.6%
	20.3%	3.2%

¹ Derived from telephone surveys.



THE SBC NATIONAL-LOCAL STRATEGY

Representative Market Entry

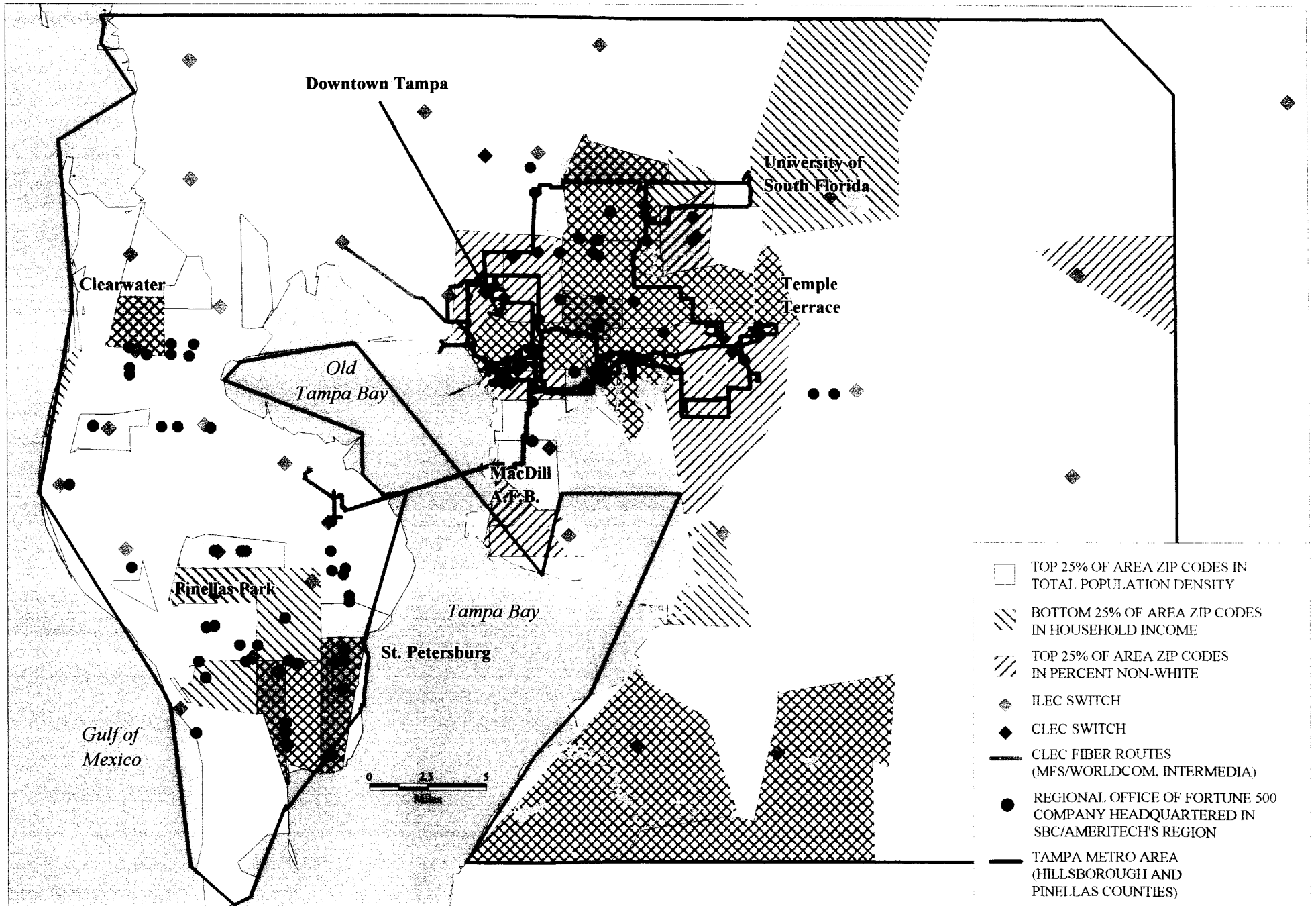
Washington, D.C. and Tampa, Florida

- **Existing fiber facilities are close to our targeted business customers**
- **With limited expansion, facilities can be extended to residential customers, including a significant number of low income/minority consumers**



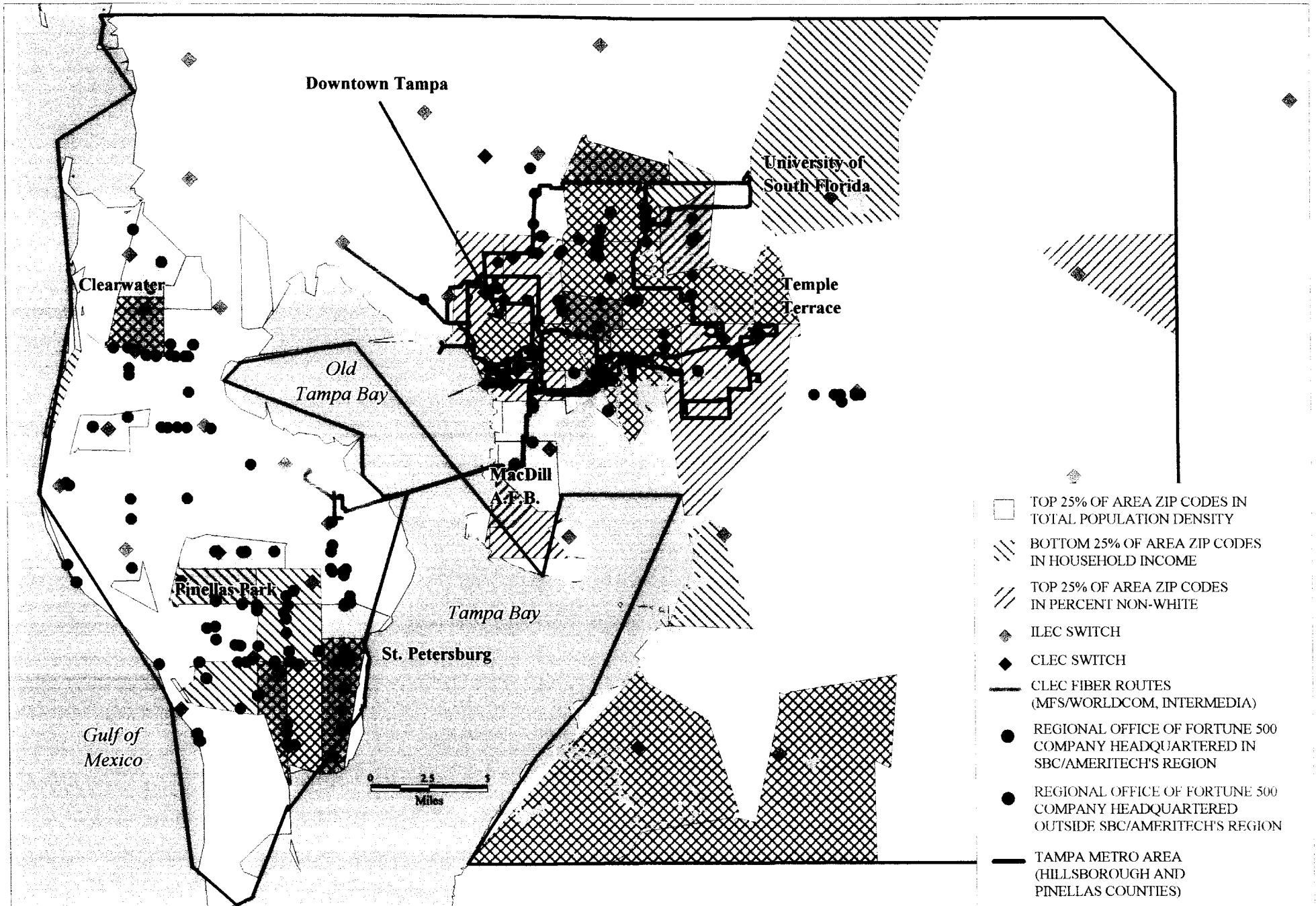
SBC National Local Strategy Representative Entry

Tampa, FL



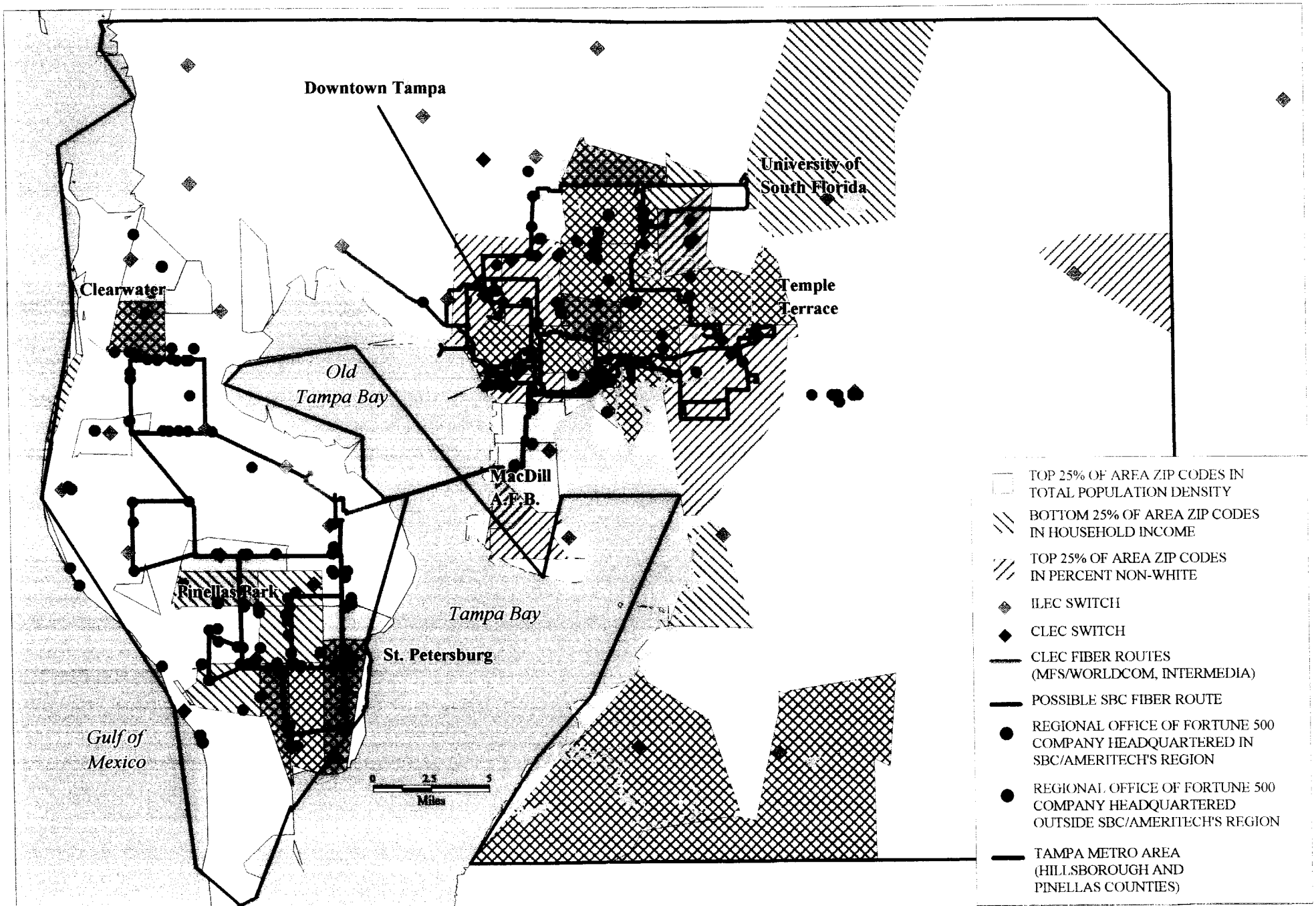
SBC National Local Strategy Representative Entry

Tampa, FL



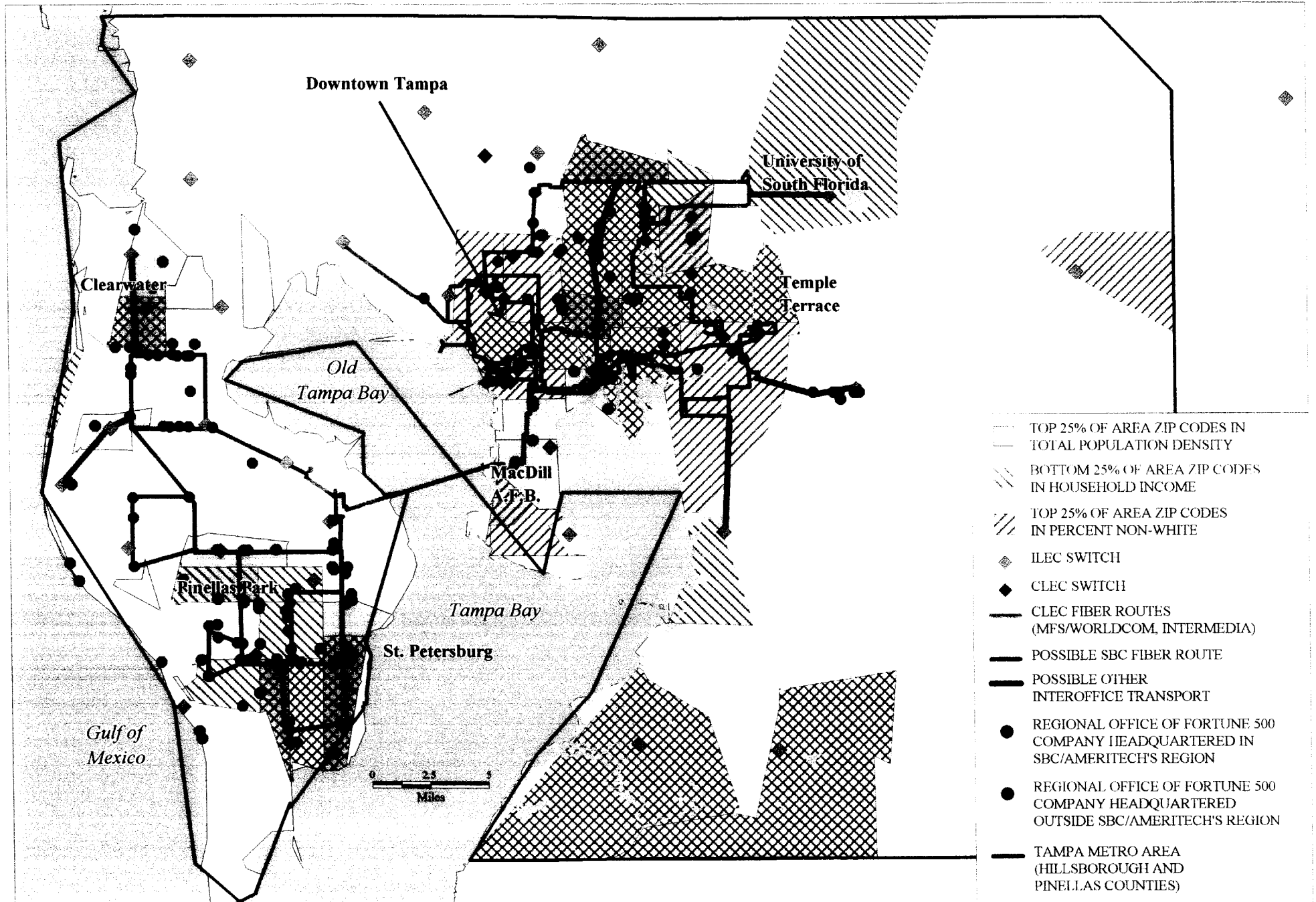
SBC National Local Strategy Representative Entry

Tampa, FL

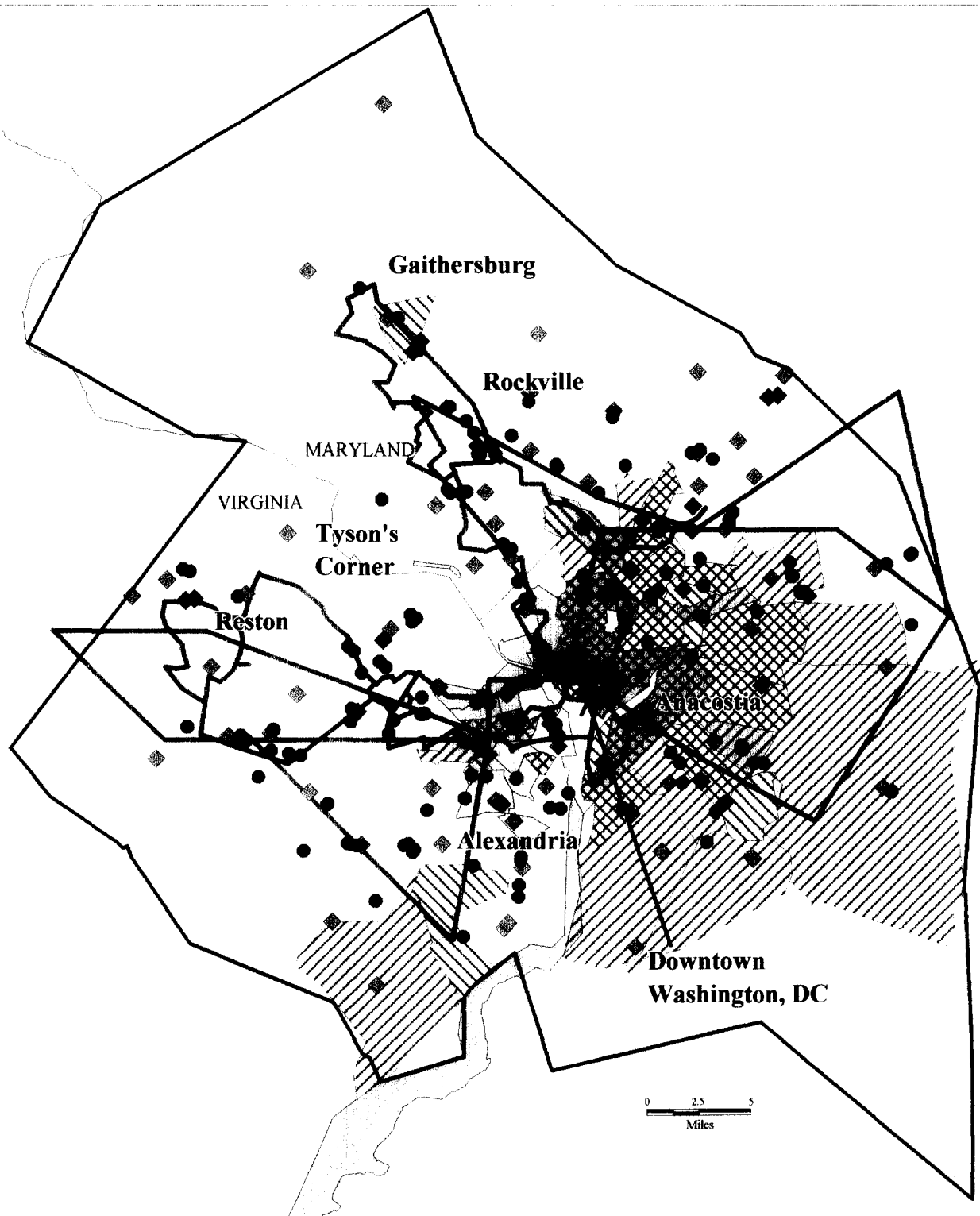


SBC National Local Strategy Representative Entry

Tampa, FL

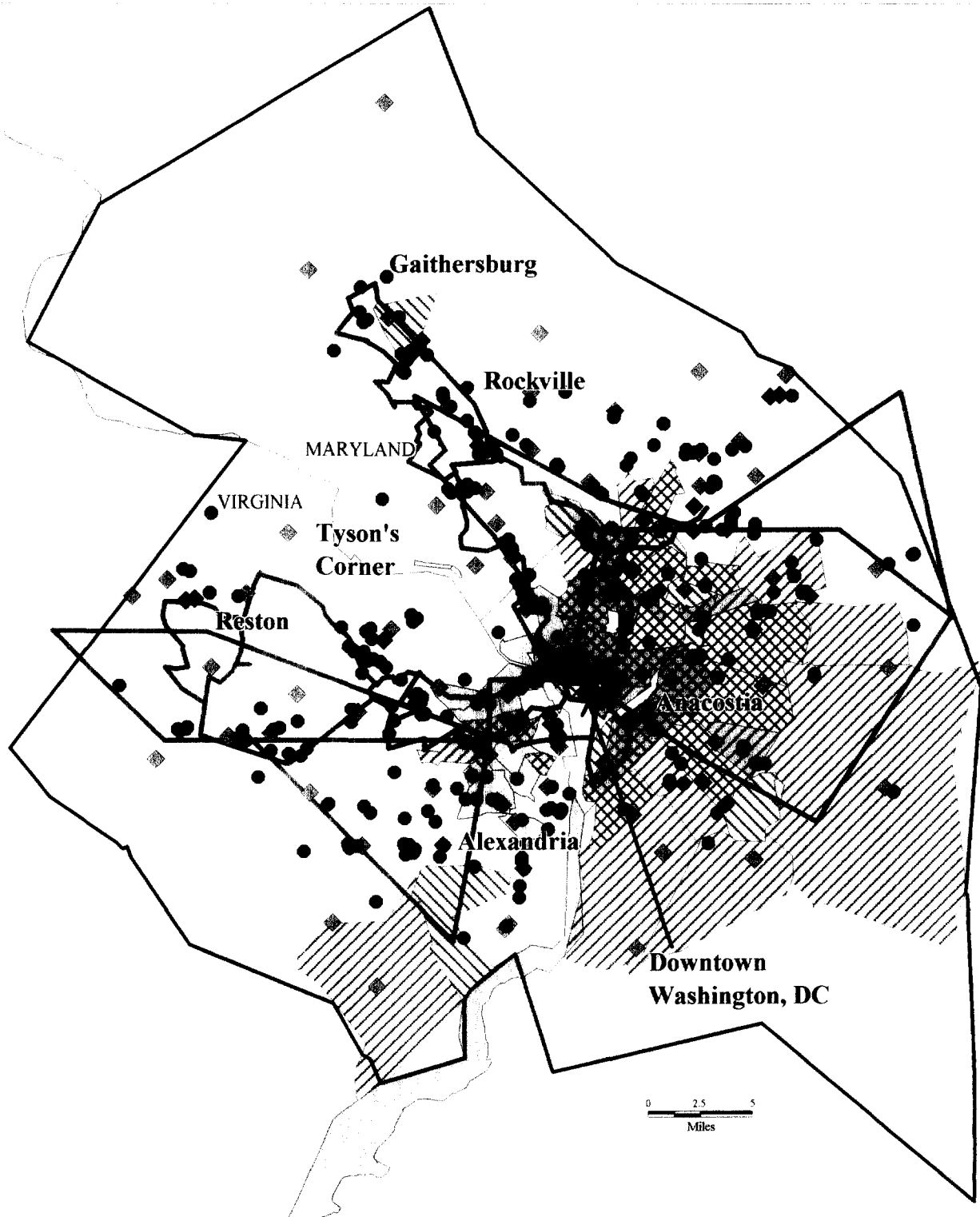











SBC National Local Strategy Representative Entry Washington, DC



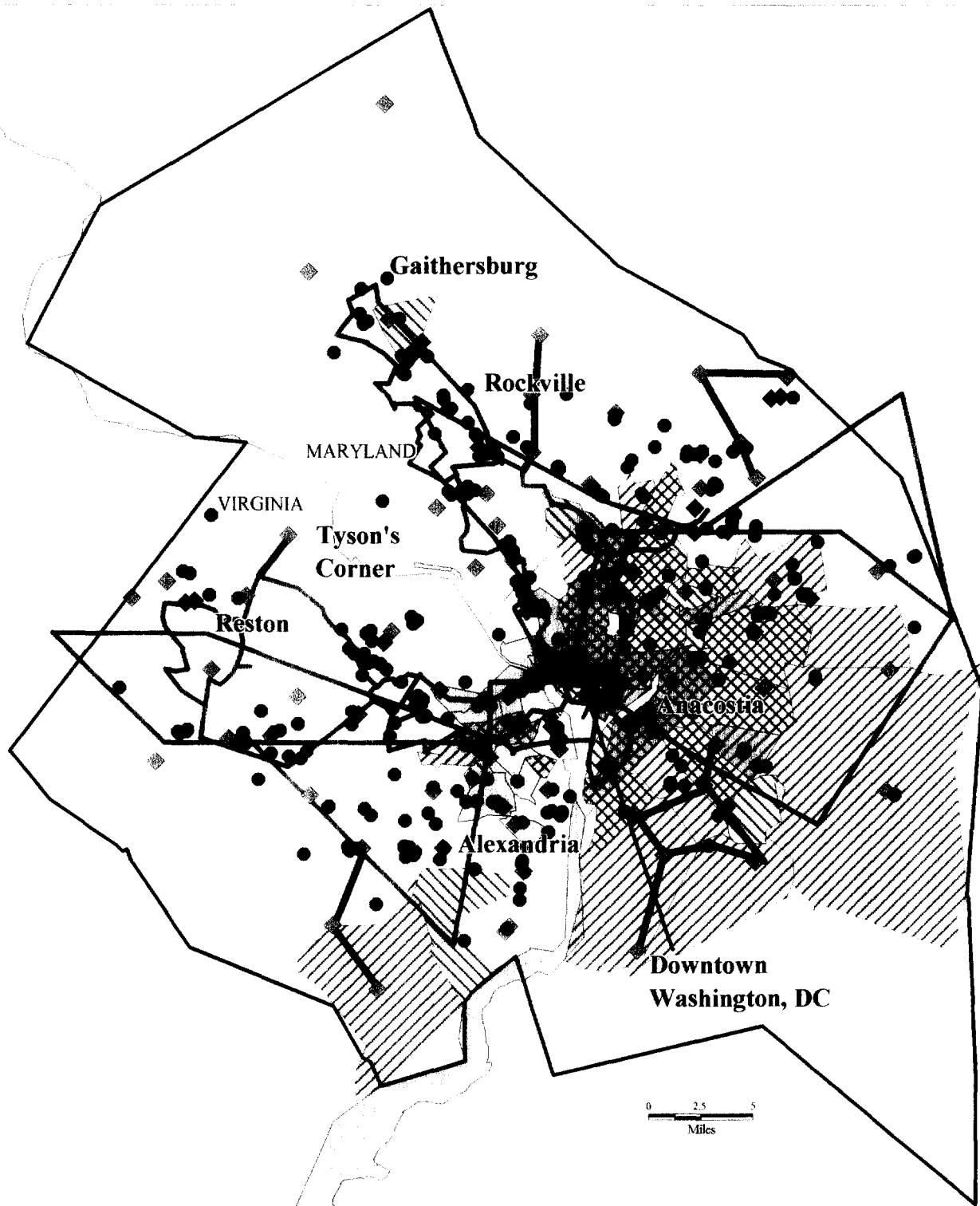
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| <ul style="list-style-type: none"> TOP 25% OF AREA ZIP CODES IN TOTAL POPULATION DENSITY BOTTOM 25% OF AREA ZIP CODES IN HOUSEHOLD INCOME TOP 25% OF AREA ZIP CODES IN PERCENT NON-WHITE ILEC SWITCH CLEC SWITCH | <ul style="list-style-type: none"> REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED IN SBC/AMERITECH'S REGION CLEC FIBER ROUTES (MFS/WORLDCOM, AT&T/TCG) WASHINGTON, DC METRO AREA (Includes the District of Columbia; Arlington, Fairfax, Montgomery, and Prince George's Counties; Cities of Fairfax, Alexandria, and Falls Church) |
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SBC National Local Strategy Representative Entry Washington, DC



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|  | TOP 25% OF AREA ZIP CODES IN TOTAL POPULATION DENSITY |  | REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED IN SBC/AMERITECH'S REGION |  | WASHINGTON, DC METRO AREA |
|  | BOTTOM 25% OF AREA ZIP CODES IN HOUSEHOLD INCOME |  | REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED OUTSIDE SBC/AMERITECH'S REGION | (Includes the District of Columbia; Arlington, Fairfax, Montgomery, and Prince George's Counties; Cities of Fairfax, Alexandria, and Falls Church) | |
|  | TOP 25% OF AREA ZIP CODES IN PERCENT NON-WHITE |  | CLEC FIBER ROUTES (MFS/WORLDCOM, AT&T/TCG) | | |
|  | ILEC SWITCH | | | | |
|  | CLEC SWITCH | | | | |

SBC National Local Strategy Representative Entry Washington, DC



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| <ul style="list-style-type: none"> □ TOP 25% OF AREA ZIP CODES IN TOTAL POPULATION DENSITY ▨ BOTTOM 25% OF AREA ZIP CODES IN HOUSEHOLD INCOME ▧ TOP 25% OF AREA ZIP CODES IN PERCENT NON-WHITE ◆ ILEC SWITCH ◆ CLEC SWITCH | <ul style="list-style-type: none"> ● REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED IN SBC/AMERITECH'S REGION ● REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED OUTSIDE SBC/AMERITECH'S REGION — CLEC FIBER ROUTES (MFS/WORLDCOM, AT&T/TCG) | <ul style="list-style-type: none"> — SBC POSSIBLE INTEROFFICE TRANSPORT — WASHINGTON, DC METRO AREA
(Includes the District of Columbia; Arlington, Fairfax, Montgomery, and Prince George's Counties; Cities of Fairfax, Alexandria, and Falls Church) |
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